



MEDIA RELEASE

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

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FLOWERS ISSUES BULLETIN ON RATE INCREASE NOTIFICATION

Notices allow consumers time to shop for new coverage

NASHVILLE, TENN. - Tennessee Insurance Commissioner Paula A. Flowers has issued a new bulletin cautioning that Tennessee insurers must notify their policyholders about rate or rate factor increases on Commercial Risk policies.

The Department of Commerce and Insurance has become aware that some companies are not properly notifying their insureds as required before they increase rates on commercial risk policies by more than 25 percent. The bulletin is an official statement of policy by the commissioner.

"Tennessee law requires prior notification for substantial rate increases over 25 percent," said Paula Flowers, Commissioner of the Department of Commerce and Insurance for the State of Tennessee. "That law exists for a purpose, which is to let consumers know they may want to shop around for other insurance coverage. It's one of the best protections consumers have in our law."

The bulletin also says that if a company fails to provide 60 days notice of a planned rate or rate factor increase prior to the effective date of the increase, the companies will be required to extend the previous rates or rate factors of the existing policy. Companies are required to specify the exact percentage increase in that notification in order for it to be considered valid.

Further, the bulletin states that the failure to provide timely notice would constitute an unfair trade practice that could result in enforcement actions including civil penalties and revocation of a company's certificate of authority. In addition, insurance producers or agents have an affirmative duty to notify both the company and the insured if they are aware that an increase of more than 25 percent has been made without proper prior notice.

To view the bulletin online [Click Here](#).

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